

IOWAccess Project 5

Electronic Budget and Information System



Mission

The mission of this service is to design and implement an electronic system that facilitates the creation and submission of local government budgets, property valuations, and annual reports, and to make this and other state financial information available on the Internet.

List of Members

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Cris Plocher, Iowa State Association of Counties
Jerry Reid, Iowa Department of Management
Jody Smith, City of West Des Moines
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Property Valuation Subcommittee

A separate subcommittee was created to provide advice and input specifically regarding the development of the electronic valuation process. The members of that subcommittee are:

Ron Carzoli, Polk County
Bob Josten, Dorsey & Whitney Law Firm
Carol Kielly, Jasper County
Phil Meier, Boone County
Gary Meyer, Iowa State Education Association (formally with the Department of
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Section 1 ■ Approach

Background Information

The Iowa Department of Management is a state agency that has certain oversight responsibilities regarding local taxing authorities (cities, counties, schools, etc.). These responsibilities include assistance for and analysis of local government budgets, providing local governments with technical assistance regarding local government finance, and providing a uniform format for local government budgeting. In addition, these initiatives apprise the general public of local government financial matters, and provide data and analysis of local government finances to the governor and the general assembly. The accumulation and processing of local government financial data is labor intensive and limits the time that can be spent on analysis of the information.

Purpose

The purpose of this service was to develop a system that allows cities, counties and school districts to electronically prepare their budgets and to submit them electronically to the state. In addition, the service was to develop a format for electronically identifying and reporting real property values for budgeting purposes. This service would also enable the state to electronically process those budgets and property values to insure the budgets and valuation data were accurate and in statutory compliance. Further, the system would eliminate redundant data entry and duplication of effort between local and state agencies involved with the budget and valuation processes. Finally, the service was developed to provide local government financial data and other state and local information to the public via the Internet.

Description

Creating and processing local budget financial data has not kept pace with existing technology. Much of this processing has been done with computers but the programs were outdated and/or inadequate. In a number of cases, no computers were used at all to process this information at the local level. In most cases, local government information was submitted to the state on paper. The Internet now provides an excellent vehicle for exchanging this data and making it and other data available to all interested parties.

Goals

There were a number of goals for this service. The first was to make technically feasible by December 1997, the electronic submission of local government budgets beginning for the fiscal year 1998-99. Another goal was to reconstruct the valuation system so that the new system would be available for use in reporting the 1998 valuation data.

Prior to this time most local governments submitted their budgets and valuations to the state on paper. A goal of this system was to eliminate redundant data entry and duplication of

effort between local and state agencies involved in the budget and property valuation processes.

Another objective was to be able to display approved data and the information on the Department of Management's home page on the Internet. In addition, other relevant information regarding the state and local government activities will be on the home page. This information is also accessible through the IOWAccess home page.

An additional goal was to design the new service so that it can be sustained into the future.

What process was used and who involved?

A team was assembled to develop and implement this phase of the service pilot of IOWAccess. The team had a core group of members that oversaw much of the day-to-day development of the pilot. Other team members provided input on the needs and direction. In addition, the team partnered with Information Technology Services, which provided oversight and facilitated the total service from initiation through implementation and acceptance.

Team activities involved for the service included planning, designing, and implementing recommendations, system installation, and system administration. Some of the planning issues were identified as location, ownership and security of data; legal and/or regulatory issues; Internet standards; identification and assignment of tasks; and identification of existing data resources.

Designing the service was primarily determining reasonable, affordable alternatives and the comparing them. Logical and physical requirements were identified. Other design issues included the evaluation of available existing hardware and software tools; a limited number of alternatives with recommendations and the advantages and disadvantages of each alternative; disaster recovery procedures; service and maintenance procedures; long-term plans and considerations; and suggested priorities.

Recommendations from the consultant for implementing the service were based on findings and decisions made and agreed upon during the project design. They included specifications for procurement of hardware, software, training and coordination of services necessary to develop, install, connect, test, and make the service operational. The service was configured to accommodate local processing requirements, Department of Management processing requirements, access to the ITS mainframe (if necessary), and connections to appropriate outside systems as identified. The Consultant recommended the majority of the hardware and software to complete this service and they were purchased through current state contracts

The consultant to the team provided suggestions for system installation and system administration.

Levels of government included or considered

All three major levels of government were included or considered in developing this service pilot for IOWAccess. Obviously, cities, counties and school districts played a significant role in developing this service. The state also had a major role in the service's design and implementation. The needs of the federal government were also considered.

Identify participating agencies and constituencies

State agencies participating in IOWAccess included the Department of Revenue and Finance, the Department of Management, the Office of Auditor of State, and Information Technology Services. The constituent organizations involved were the League of Iowa Cities, Iowa State Association of Counties, and the Iowa Association of School Boards. Other constituents showing interest in IOWAccess included the Iowa Farm Bureau Federation, Legislative Fiscal Bureau, and bonding attorneys.

Rationale for including these interests/agencies

It's obvious that local governments would be included in the development of IOWAccess because a significant amount of their responsibilities are impacted by the development of this service. State agencies are included because of their interaction with local governments, other state agencies or the public. For example, the Department of Revenue and Finance was involved because of their interaction between that department and the Department of Management relative to real property values, property tax credits and other issues. The Office of State Auditor was involved because of its responsibility to audit local governments. The Legislative Fiscal Bureau was involved because of its need to advise the general assembly on financial matters. Bonding attorneys were interested because of their involvement in developing bonding issues for local governments.

Level of participation (i.e., team, evaluation, etc.)

The level of participation by team members varied by constituency. Of the local government constituencies, counties showed the most interest and had the most suggestions. Part of the reasons for this was due to the counties extended role for local government finances. In addition, counties were the only local constituents directly involved with property valuations. Cities and school districts also provided ideas and recommendations for the budgeting process and for items to include on the web page.

What methods were used to involve citizens? Were these methods effective?

Citizens were involved in this project mostly through the project team. Team members representing a cross section of local governments and state stakeholders met a number of times to offer advice and to review progress of the system development. Examples of advice received included suggestions on how, based on service demonstrations, to improve the system or what information is needed on the Internet. In addition, local government officials were apprised at their various association meetings, that the service was being developed and the

officials were asked to submit suggestions. Further, the team reviewed certain surveys. For the most part these methods were effective.

Needs Assessment

What needs does this system/service fulfill? Whose needs does this fulfill? Why did we do this?

This service fulfills the need of the state and local governments to develop and process local government financial data more quickly and accurately. One specific benefit this process provides to local governments is a tool to develop various budgeting scenarios with a minimum of effort. The state needs this service to reduce the processing time of local government data in order to provide more time to analyze this data to better serve the governor, general assembly, and others. The citizens of Iowa need this service so they can become better informed about the governance of the state and local governments. This service was developed and implemented because of the aforementioned needs and the financial opportunity (i.e., federal funds) to do it.

Approach

What was done to complete the project and why?

The lion's share of work on this service was the creation of software programs. Although a number of team members had some knowledge of computers and software, the team had to rely on the expertise of others. Accordingly, the team partnered with Information Technology Services (ITS), a state agency and through an existing contract with a vendor, was able to contract with a software firm to develop the software for the service. ITS and personnel in the Department of Management provided crucial assistance in the development of the software. Training on how and why to use the redesigned service was developed and implemented.

How did the project evolve over time?

While developing the service it became apparent that the available federal funds would not cover the costs of the original, and rather ambitious, goals. A decision was made to complete the electronic budgeting process and the web page with the funds allocated. There would not be sufficient funds to complete the valuation part of the service or to complete the design of the electronic financial reports. However federal funds not being used for other parts of IOWAccess became available and were allocated to the development of the valuation and annual reports.

Section 2 ■ Cost/Benefit Analysis

Time frame for project – Planning/Implementation/Evaluation

The initial general time frame for developing the budget system was very basic. This time frame was as follows:

- By June 1, 1997, review the local budget reporting process and conceptually redesign this process.
- By September 1, 1997, develop the web page and begin pilot projects.
- By November 1997, eliminate any bugs and implement the plan.

After the service design was begun, a more comprehensive plan was developed. This plan included:

- By December 1, 1997, separate electronic budget forms for use by cities, counties, and local school districts will have been developed, tested, and submitted to the local governments. These forms will be used by local governments to develop and process Fiscal Year 1997-98 budgets.
- By January 1, 1998 conduct workshops/training sessions for local government officials.
- By March 15, 1998, complete the system design for the state to use to process local government budget.
- By September 30, 1998 complete the development of the web page, the valuation system and the annual reports.
- By September 30, 1998, update the budgeting service for FY 1999-2000.

A separate time frame for the valuation system was developed.

- By July 1, 1998 outline a plan to redesign the system.
- By August 1, 1998 create a valuation subcommittee and solicit its ideas on how the revised valuation system should look and operate.
- By December 1, 1998 complete the valuation redesign.
- By December 31, 1998 complete the testing of the redesign.
- By December 31, 1998 conduct hands-on training for county auditors regarding the new system.
- By January 15, 1999 implement the new system.

Project Expenditures

The total cost of developing this service was borne by IOWAccess. The breakdown of the service expenditures is as follows:

Hardware/Software	\$20,383.00
Training Books	\$ 4,967.50
Management (ITS)	\$15,000.00
Programming (SoluTech)	<u>\$303,649.50</u>

Total \$344,000.00

Ongoing Cost to Maintain

Training was initially provided to the staff of the Department of Management so the Department could maintain the service (i.e., make software changes). However, the people that received this training left the Department. Accordingly, this maintenance will have to be contracted out. The ongoing costs (estimated at \$10,000 annually) will be for regular updating the web page, the budget and annual reports and the valuation service. Unless other funding becomes available, the costs of future maintenance will have to be funded through the Department of Management budget.

Project Benefits

Cost and Time Savings

Taxpayers will benefit from this service because they will have more complete and accurate information upon which to assess state and local financial affairs. For example, with this information taxpayers may be able to convince local governments that they do not need as much property tax money to run their governments. There may also be cost savings to bonding attorneys by having readily available information needed to issue bonds.

The cost savings to state and local governments reflect more opportunity cost savings than actual cash savings. Using this service, local governments will be more efficient in developing and processing local financial data, which will save time that can be used for financial analysis, or for other uses. By assuming cities, counties, and school districts can each save one-half week of processing time each budget cycle at an estimated cost of \$20/hour, local governments could “save” over \$600,000 per year. The state may generate a possible “savings” of over \$50,000 but these savings would also be used for financial analysis.

Intangible Benefits

There are a number of intangible benefits using this service. State and local government information could be accessed by anyone via the Internet 24 hours a day. State processing of governmental financial matters would be more timely. Local governments can use the service to develop quickly and easily alternate financial plans.

Who Benefits?

This is a service that will be a benefit to taxpayers, governmental officials, academicians, officials from other states, etc.

Efficiency

Government operations will be more efficient as this service will require less time for governments to process financial information and allow for more time for analysis.

Section 3 ■ Evaluation

Process

How was the system/service was evaluated?

The new budgeting systems were evaluated, in part, based upon the number of local governments using the new electronic budget systems. One hundred percent of Iowa counties used the new system while a far smaller percentage of cities and school districts used it. We explored reasons for the differences in usage in order to improve the number of cities and counties using the new process in the future. We were also able to gauge the acceptance of the new system during general conversations with local governments. The new property valuation system will be evaluated in a similar manner

What was the evaluation timeframe?

The evaluation of the budgeting system took place over a period of about six months. The new property valuation system will be used for the first time in January 1999. This system only applies to counties and, based upon the evaluation of the budget process, we expect one hundred percent of the counties will use the new property valuation system. It will probably take approximately three months to test the new valuation system.

Who was involved in the evaluation?

The evaluation of the systems and processes was informal. There were four different groups that provided input:

- The Department of Management/Information Technology Services
- The project committee and subcommittee
- The software vendor
- The users of the systems

What was evaluated?

- The number and type of local governments using the new budget system
- The ease of using the new systems
- The success of using the Internet to transfer budget and valuation data and the success of entering pertinent state and local financial data on the Internet.

What methods were used and what attention was given to reducing or eliminating stumbling blocks for citizen use?

Development of software is an exacting task. A huge stumbling block would be software that was imperfect. In order to prevent such a situation the systems were continuously tested to insure perfection. Use of the Internet by the general public was addressed by a separate IOWAccess project.

Evaluation Results

Has the project increased customer satisfaction?

Generally, the satisfaction of the local governments has increased regarding their budgeting responsibilities. Attached to this report are several unsolicited testimonies from county officials praising the new system.

Has use increased since this system was implemented?

These are basically new or revised systems that were implemented. All counties used the new county budgeting system. The revised systems for cities and school districts were used by many but it is difficult to gauge the increased usage because of a lack of historical information.

What impact has this had on government agencies? Users?

The new budgeting systems enhanced the local budget process because budgets are easier to complete, virtually error free, and more timely. Further, citizens can have a greater assurance that the prepared budgets are accurate. The new system has also enhanced the processing and review of budgets by the state. Further, the citizens of the state will have greater and easier access to state and local data.

Other project specific evaluation results

None noted.

Lessons Learned

What lessons did you learn?

Probably the biggest lesson learned was it will take more time to get all local governments to budget electronically because of the various skill levels of local government officials. Further, not all local governments had the appropriate computer equipment readily available to budget electronically and, in some cases, alternate methods were used. One example of an alternate method was some counties assisting cities in preparing their budgets electronically because the counties had the equipment and the expertise.

What would you have done differently?

We would have tried to have better training for city and school district officials in using the revised budget systems. County budget officials were trained by a hands-on method. That is, every county was trained in a computer lab so that the trainees had actual experience in using the computer and the new computer program. Training for cities and school districts did not have hands-on experience and the results (fewer electronic budgets) were apparent. One of the reasons there wasn't hands-on training for cities and school districts is because of the large number of them, 950 cities and 375 school districts vs. 99 counties.

What would you have done differently to:

Involve citizens, other agencies, levels of government
It appears that all stakeholders were adequately involved.

Reduce or eliminate stumbling blocks for citizen use
We would have had more extensive budget training for cities and school districts.

Section IV ■ Future Plans – Conclusions & Recommendations

Sustainability

This service should be sustained indefinitely because of the significant benefits to the taxpayers, state and local governments, etc. The primary responsibility will be that of the Department of Management, with ITS having secondary responsibility. This service will be sustained by annually updating the software for date and policy changes and by seeking funding (state appropriations or other) to make the updates.

Expansion

This service should be expanded in the future to include miscellaneous local governments (i.e., county hospitals, county assessors, etc.). It is not exactly known how much this expansion would cost but it is estimated that the amount could be \$50,000 to develop the software for this service. The expansion should take place as soon as practical after the current service is fully implemented and used for a period of time. Any expansion would be the responsibility of the Department of Management.

Entering governmental financial information on the Internet should be replicated nation-wide. It is unknown if other states have the same oversight responsibilities as Iowa relative to local government finance but if they do replication of this service to other states would be beneficial.

Maintenance

It is recommended that the Department of Management be primarily responsible for updating the web site which will be done on a regular basis, depending on the type of information entered. Maintenance of the local government finance process (budgeting, valuations, and annual financial reports) should also be the primary responsibility of the Department of Management however; the software maintenance will have to be contracted with outside vendors. The maintenance will be done annually to reflect the change of the fiscal year and of any financial policy changes. Future efficiencies may be measured by estimating how much additional time is available for financial analysis.

Intergovernmental and Citizen Focus

Because of the interactive responsibilities of the Department of Management and local governments, continuous involvement of local governments is necessary. At least annually the Department of Management will solicit feedback from local governments and take that feedback into consideration when the service is updated. Further, the Department will solicit

feedback from citizens through taxpayer groups. In addition, the Department will conduct annual workshops and training seminars for local government officials.

Marketing/Public Awareness

The Department of Management, through notification of taxpayer groups, will inform citizens of this service. Examples of such taxpayer groups are the Iowa Farm Bureau Federation and the Polk-Des Moines Taxpayers Association. The Department of Management will continuously update service changes with the users (local governments) of the service.

Evaluations

The Department of Management will establish an ongoing evaluation system through its interaction with local governments and taxpayer groups.

Other Recommendations

None noted.